



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: April 14, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging

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Subject: Briefing Memo – PolyCem LLC
High Technology MEGA Credit

COMPANY NAME
PolyCem LLC
950 Taylor Avenue
Grand Haven, MI 49417

HISTORY OF COMPANY

PolyCem LLC began five years ago engaging in R&D to develop new products using concrete-based technology covered by a variety of patents the company owns. The company is currently in the advanced development stages of a flexible concrete material that blurs the line between the properties of concrete and plastic. This flexible concrete material can be customized in strength and flexibility as specified by a customer's needs. This new material can also be customized in color, texture and can be color printed with any desired photo or logo as specified by the customer.

The company currently has 3 full-time employees in Michigan.

PROJECT DESCRIPTION

The company will relocate their research and development center and begin commercialization of their new product under the name Stone-Craft Tile. Their manufacturing facility is currently in Mississippi and production is expected to be brought to Michigan. The company has selected a facility in Norton Shores that will house their small-scale manufacturing line and provide an expanded area for continued research and development of new concrete-based materials.

PolyCem will invest approximately \$5.6 Million and create 116 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$595. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 209 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$2.8 million (current dollars) due to the presence of this facility.

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BUSINESS CASE

Alternatively, this project would go to Milwaukee, WI where the company's main investor is located. Their investor has a vacant facility where the project could locate, which ultimately helps their investor by having a tenant. By locating in the Milwaukee facility, the investor would have the reduced cost of assisting PolyCem, a start-up company, through subsidized rent. PolyCem needs to make a strong enough business case to stay in Michigan versus moving the project to Milwaukee.

OTHER STATE AND LOCAL ASSISTANCE

On March 17th the City of Norton Shores approved a P.A. 328 tax abatement for this project for ten years at an estimated value of \$9,600 per year.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Product Research and Development, as defined in the Act.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years for up to 116 net new employees in excess of the company's established base of 3.